



**BANK OF ENGLAND**

# News release

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## **Bank of England Raises Interest Rates by 0.25 Percentage Points to 4.75%**

The Bank of England's Monetary Policy Committee today voted to raise the Bank's repo rate by 0.25 percentage points.

Output growth has been robust and business surveys point to continued expansion. Although the housing market remains buoyant, there are now signs that it is starting to ease, and the growth of consumption may be moderating. Investment and public sector consumption have both grown strongly and demand in UK export markets continues to pick up.

CPI inflation reached 1.6% in June. It is likely to fall back in the near term, but underlying cost pressures have risen. With demand already high relative to the supply capacity of the economy, continued strong growth is likely to lead to rising inflationary pressures. Against that background, the Committee judged that an increase of 0.25 percentage points in the repo rate to 4.75% was necessary to keep CPI inflation on track to meet the 2% target in the medium term.

The Committee's latest inflation and output projections will appear in the Inflation Report to be published on Wednesday 11 August.

The minutes of the meeting will be published at 9.30am on Wednesday 18 August.

### **Note to Editors**

The previous change in interest rates was an increase of 0.25 percentage points to 4.5% on 10 June 2004.